

(3) The locations of all wells presently drilling to or completed in the Northeast Shoe Bar-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

(4) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Northeast Shoe Bar-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Northeast Shoe Bar-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(5) Unless called earlier upon the motion of the Division, this case shall be reopened at an examiner hearing in February, 1999, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Northeast Shoe Bar-Strawn Pool should not be rescinded and said pool not be developed either on statewide 40-acre spacing or with an optional second well on each 80-acre unit.

IT IS FURTHER ORDERED THAT:

(6) The portion of the application of Chesapeake Oil Company for the:

(a) creation of a new pool for the production of oil from the Strawn formation comprising the S/2 NE/4 of said Section 7;

(b) the promulgation of special poolwide rules and regulations therefor including provisions:

(i) for a special limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil;